

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

S

W-02062A  
Southland Utilities Company, Inc.  
2730 E. Broadway, Suite 135  
Tucson, AZ 85716

**RECEIVED**

APR 14 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2005
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FOR COMMISSION USE

ANN04	05
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entered  
4-14-06  
RF

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>Southland Utilities Company, Inc.</u>		
<b>Mailing Address</b> <u>2730 E. Broadway, Suite 135</u>		
<u>Tucson</u> (City)	<u>Arizona</u> (State)	<u>85716</u> (Zip)
<u>(520) 327-6000</u> Telephone No. (Include Area Code)	<u>(520) 327-6184</u> Fax No. (Include Area Code)	<u>N/A</u> Pager/Cell No. (Include Area Code)
<b>Email Address</b> <u>N/A</u>		
<b>Local Office Mailing Address</b> <u>4148 Golden Acres Drive</u>		
<u>Sierra Vista</u> (City)	<u>Arizona</u> (State)	<u>85650</u> (Zip)
<u>(520) 378-6200</u> Local Office Telephone No. (Include Area Code)	<u>(520) 378-2085</u> Fax No. (Include Area Code)	<u>N/A</u> Pager/Cell No. (Include Area Code)
<b>Email Address</b> <u>N/A</u>		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>Andrew L. Romo</u>		<u>President</u>	
	(Name)		(Title)
<u>2730 E. Broadway, Suite 135</u> (Street)	<u>Tucson</u> (City)	<u>Arizona</u> (State)	<u>85716</u> (Zip)
<u>(520) 327-6000</u> Telephone No. (Include Area Code)	<u>(520) 327-6184</u> Fax No. (Include Area Code)	<u>N/A</u> Pager/Cell No. (Include Area Code)	
<b>Email Address</b> <u>N/A</u>			
<b>On Site Manager:</b> <u>F. G. Heeren</u>			
	(Name)		
<u>4148 Golden Acres Drive</u> (Street)	<u>Sierra Vista</u> (City)	<u>Arizona</u> (State)	<u>85650</u> (Zip)
<u>(520) 378-6200</u> Telephone No. (Include Area Code)	<u>(520) 378-2085</u> Fax No. (Include Area Code)	<u>N/A</u> Pager/Cell No. (Include Area Code)	
<b>Email Address</b> <u>N/A</u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** Sidney Mendelsohn, Jr.

(Name)

6301 N. Dundedin Place

(Street)

Tucson

(City)

Arizona

(State)

85718

(Zip)

(520) 325-7500

Telephone No. (Include Area Code)

(520) 323-6614

Fax No. (Include Area Code)

N/A

Pager/Cell No. (Include Area Code)

**Attorney:** John O'Hare

(Name)

3865 N. Tucson Blvd.

(Street)

Tucson

(City)

Arizona

(State)

85716

(Zip)

(520) 881-2308

Telephone No. (Include Area Code)

N/A

Fax No. (Include Area Code)

N/A

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### **OWNERSHIP INFORMATION**

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### **COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☒ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

**COMPANY NAME** Southland Utilities Company, Inc.

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	N/A	N/A	N/A
302	Franchises	N/A	N/A	N/A
303	Land and Land Rights	1,070	N/A	1,070
304	Structures and Improvements	21,549	19,849	1,700
307	Wells and Springs	19,514	19,521	(7)
311	Pumping Equipment	70,567	(28,320)	98,887
320	Water Treatment Equipment	N/A	N/A	N/A
330	Distribution Reservoirs and Standpipes	48,806	42,556	6,250
331	Transmission and Distribution Mains	209,092	173,306	35,786
333	Services	41,070	41,068	2
334	Meters and Meter Installations	59,746	12,007	47,739
335	Hydrants	N/A	N/A	N/A
336	Backflow Prevention Devices	N/A	N/A	N/A
339	Other Plant and Misc. Equipment	N/A	N/A	N/A
340	Office Furniture and Equipment	2,494	496	1,998
341	Transportation Equipment	N/A	N/A	N/A
343	Tools, Shop and Garage Equipment	N/A	N/A	N/A
344	Laboratory Equipment	N/A	N/A	N/A
345	Power Operated Equipment	N/A	N/A	N/A
346	Communication Equipment	N/A	N/A	N/A
347	Miscellaneous Equipment	1,850	630	1,220
348	Other Tangible Plant	N/A	N/A	N/A
	<b>TOTALS</b>	<b>475,758</b>	<b>281,113</b>	<b>194,645</b>

This amount goes on the Balance Sheet Acct. No. 108 

**COMPANY NAME** Southland Utilities Company, Inc.

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	N/A	N/A	N/A
302	Franchises	N/A	N/A	N/A
303	Land and Land Rights	1,070	5%	N/A
304	Structures and Improvements	21,549	5%	109
307	Wells and Springs	19,514	5%	-0-
311	Pumping Equipment	70,567	5%	3,650
320	Water Treatment Equipment	N/A	N/A	N/A
330	Distribution Reservoirs and Standpipes	48,806	5%	1,389
331	Transmission and Distribution Mains	209,092	5%	2,962
333	Services	41,070	5%	-0-
334	Meters and Meter Installations	59,746	5%	2,887
335	Hydrants	N/A	N/A	N/A
336	Backflow Prevention Devices	N/A	N/A	N/A
339	Other Plant and Misc. Equipment	N/A	N/A	N/A
340	Office Furniture and Equipment	2,494	5%	117
341	Transportation Equipment	N/A	N/A	N/A
343	Tools, Shop and Garage Equipment	N/A	N/A	N/A
344	Laboratory Equipment	N/A	N/A	N/A
345	Power Operated Equipment	N/A	N/A	N/A
346	Communication Equipment	N/A	N/A	N/A
347	Miscellaneous Equipment	1,850	5%	93
348	Other Tangible Plant	N/A	N/A	N/A
	<b>TOTALS</b>	475,758		11,207

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
Acct. No. 403.

\*Less Amortization of Contributions in Aid of Construction (602)  
Construction Net Depreciation Expense. 10,605

### **BALANCE SHEET**

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 17,833	\$ 24,372
134	Working Funds	0	
135	Temporary Cash Investments	2,147	2,034
141	Customer Accounts Receivable	10,176	11,389
146	Notes/Receivables from Associated Companies	74,878	74,158
151	Plant Material and Supplies	1,846	1,828
162	Prepayments	974	83
174	Miscellaneous Current and Accrued Assets	11,822	11,494
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ 119,676</b>	<b>\$ 125,358</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 463,223	\$ 475,758
103	Property Held for Future Use	0	
105	Construction Work in Progress	0	10,630
108	Accumulated Depreciation – Utility Plant	(288,524)	(281,113)
121	Non-Utility Property	0	
122	Accumulated Depreciation – Non Utility	0	
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 174,699</b>	<b>\$ 205,275</b>
	<b>TOTAL ASSETS</b>	<b>\$ 294,375</b>	<b>\$ 330,633</b>

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

### **BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$ 1,586	\$ 3,267
232	Notes Payable (Current Portion)	0	0
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	1,234	1,829
236	Accrued Taxes	5,170	4,851
237	Accrued Interest	0	0
241	Miscellaneous Current and Accrued Liabilities	11,613	17,508
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 19,603</b>	<b>\$ 27,455</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 0	\$ 0
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$ 0	\$ 0
252	Advances in Aid of Construction	3,382	3,314
255	Accumulated Deferred Investment Tax Credits	8	0
271	Contributions in Aid of Construction	105,798	105,798
272	Less: Amortization of Contributions	(97,160)	(97,762)
281	Accumulated Deferred Income Tax	15,273	16,609
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$ 27,301</b>	<b>\$ 27,959</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 46,904</b>	<b>\$ 55,414</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 6,000	\$ 6,000
211	Paid in Capital in Excess of Par Value	135,692	135,692
215	Retained Earnings	105,779	133,527
218	Proprietary Capital (Sole Props and Partnerships)	N/A	N/A
	<b>TOTAL CAPITAL</b>	<b>\$ 247,471</b>	<b>\$ 275,219</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 294,375</b>	<b>\$ 330,633</b>

<b>COMPANY NAME</b>	Southland Utilities Company, Inc.
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## COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 127,011	\$ 129,288
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	4,659	6,289
	<b>TOTAL REVENUES</b>	<b>\$ 131,670</b>	<b>\$ 135,577</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 0	\$ 0
610	Purchased Water	0	0
615	Purchased Power	27,162	26,753
618	Chemicals		
620	Repairs and Maintenance	12,663	9,890
621	Office Supplies and Expense	6,924	7,155
630	Outside Services	36,790	33,125
635	Water Testing	4,258	3,985
641	Rents	0	0
650	Transportation Expenses	0	0
657	Insurance – General Liability	1,165	487
659	Insurance - Health and Life	0	0
666	Regulatory Commission Expense -- Rate Case	0	0
675	Miscellaneous Expense	10,433	8,024
403	Depreciation Expense	8,520	10,605
408	Taxes Other Than Income	45	45
408.11	Property Taxes	9,053	8,583
409	Income Tax	5,850	1,345
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 122,863</b>	<b>\$ 109,997</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ 8,807</b>	<b>\$ 25,580</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 2,982	\$ 2,217
421	Non-Utility Income	8	8
426	Miscellaneous Non-Utility Expenses	0	0
427	Interest Expense	(90)	(57)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$ 2,900</b>	<b>\$ 2,168</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ 11,707</b>	<b>\$ 27,748</b>

See Accountants' Compilation Report

<b>COMPANY NAME</b>	Southland Utilities Company, Inc.
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**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	N/A	N/A	N/A	N/A
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	<u>\$ 17,321</u>
Meter Deposits Refunded During the Test Year	<u>\$ 2,370</u>

COMPANY NAME

Southland Utilities Company, Inc.

**WATER COMPANY PLANT DESCRIPTION****WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
626,149	40	150	600	12"	4"	1967
626,150	50	170	600	14"-12"-10"	6"	1968

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
40	1	6	N/A
5	1		
10	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
25,000	1	10,000	1
62,000	1	5,000	1

**COMPANY NAME** Southland Utilities Company, Inc.

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2	Steel	1,000
3		N/A
4	AC	18,122
5		N/A
6	AC	28,260
8		N/A
10		N/A
12		N/A
6	PVC	2,711

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	531
3/4	N/A
1	N/A
1 1/2	N/A
2	2
Comp. 3	N/A
Turbo 3	1
Comp. 4	N/A
Tubo 4	1
Comp. 6	N/A
Tubo 6	N/A

**For the following three items, list the utility owned assets in each category.**

**TREATMENT EQUIPMENT:**

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**STRUCTURES:**

Office Trailer

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**OTHER:**

Office furniture and equipment.

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**COMPANY NAME:** Southland Utilities Company, Inc.

## WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	547	3,018,398	3,199
FEBRUARY	537	2,453,761	2,930
MARCH	554	3,488,130	4,105
APRIL	560	3,831,966	4,713
MAY	548	4,651,490	4,966
JUNE	556	4,553,326	5,694
JULY	568	5,111,396	6,268
AUGUST	565	3,743,424	3,782
SEPTEMBER	571	3,715,934	5,260
OCTOBER	606	3,973,789	4,570
NOVEMBER	578	3,539,103	4,059
DECEMBER	610	2,829,393	3,737
TOTAL		44,910,110	53,283

**Is the Water Utility located in an ADWR Active Management Area (AMA)?**

☐ Yes ☒ No

**Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?**

☐ Yes ☒ No

**If yes, provide the GPCPD amount:** \_\_\_\_\_

**What is the level of arsenic for each well on your system. Not required mg/l**  
(If more than one well, please list each separately.) yet

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

**COMPANY NAME** Southland Utilities Company, Inc. **YEAR ENDING 12/31/2005**

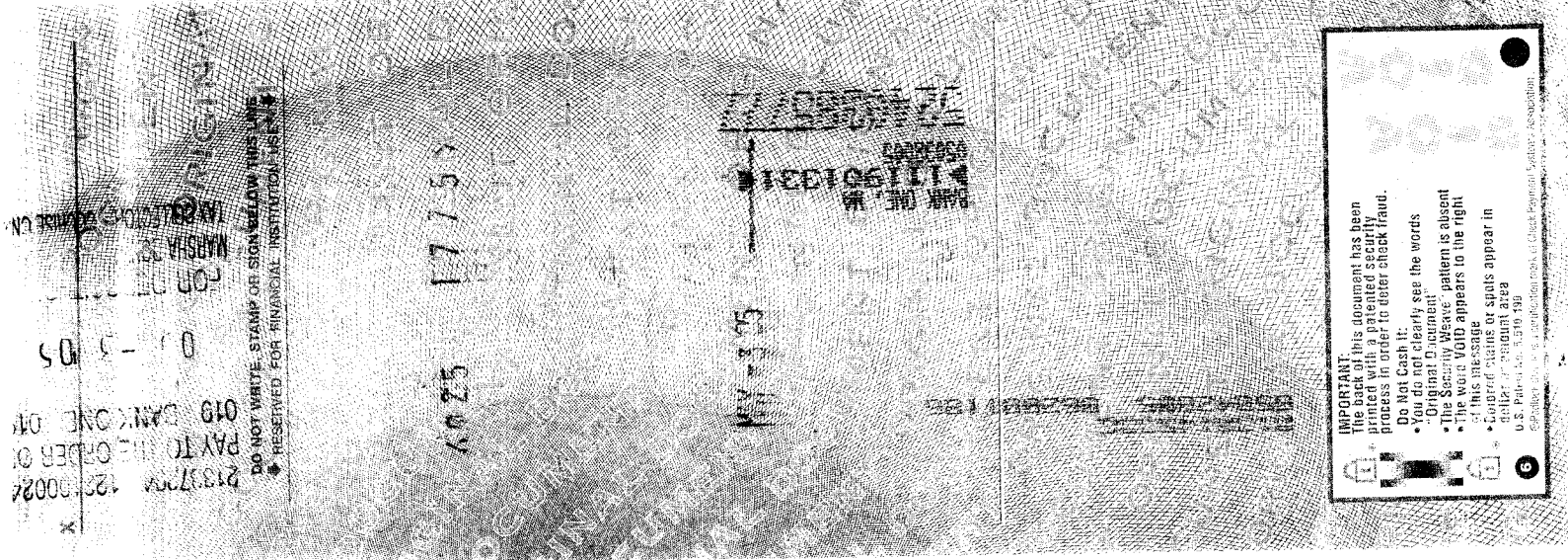
**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 8,905.40

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**SOUTHLAND UTILITIES CO INC**

2730 E BROADWAY BLVD STE 135  
TUCSON, AZ 85716  
520-327-6000

6475

81-674/1221  
118

DATE April 27, 2005

PAY TO THE ORDER OF Marsha Bonham Cochise County Treasurer

\$ 97.19\*\*\*\*\*

**THE SUM 97 DOLS 19 CTS**

DOLLARS



**Compass Bank**

Tucson, Arizona

FOR 9000056-012

*04*

*Andrew L. Burns*

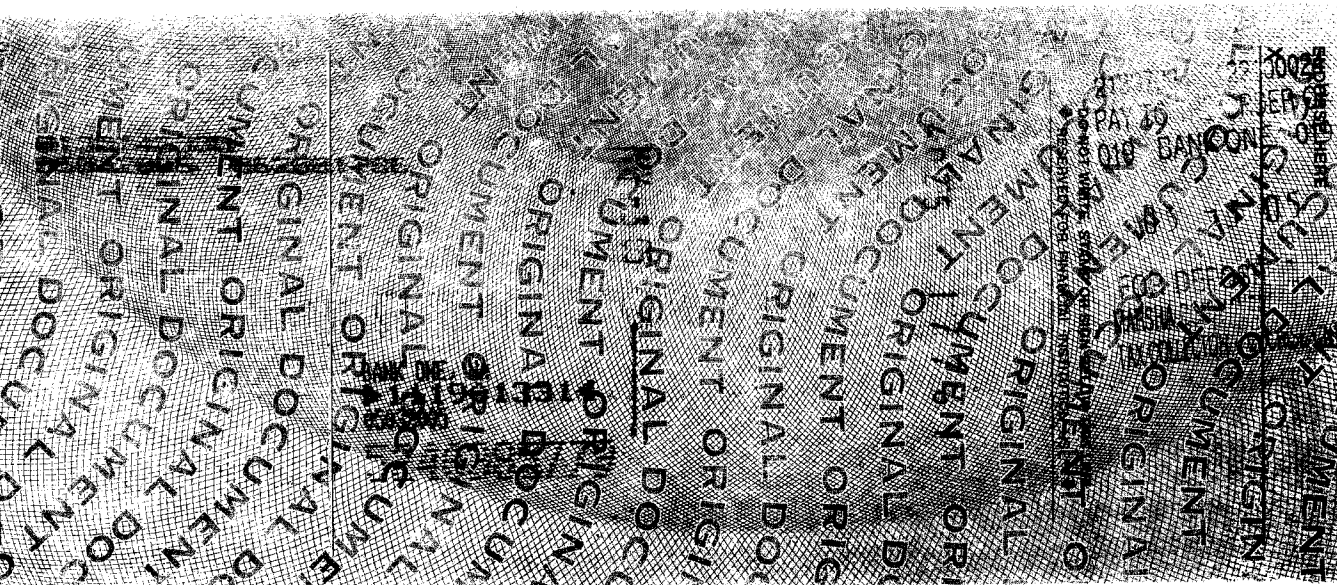
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⑈00000009719⑈

GUARDIAN & SAFETY

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1-800-368-7373





ROCKLAND UTILITIES CO INC

2201 E BROADWAY SUITE 130

TUCSON, AZ 85716

520-327-8800

6584

81-674/1231

118

DATE October 17, 2005

PAY  
TO THE  
ORDER OF

Marsha Bonham Cochise County Treasurer

\$ 174.30\*\*\*\*

THE SUM 174 and 30/100

DOLLARS 



Tucson, Arizona

FOR OS- 9000056-012

Andrew L. Pous

⑈006581⑈ ⑆1181057440 0065001891⑈

⑈0000017430⑈

8138122788

11822885 862881186

JPMORGAN CHASE BANK NA  
FORT WORTH, TX 76105  
⑈111901331⑈

5240765850

21337294 122100024  
PAY TO THE ORDER OF  
019 BANK ONE 019

10 31 05

FOR DEPOSIT ONLY  
MARSHA BONHAM TREASURER  
TAX COLLECTOR - COCHISE COUNTY

**VERIFICATION  
AND  
SWORN STATEMENT**  
Taxes

**RECEIVED**

APR 14 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**VERIFICATION**

STATE OF Arizona

**I, THE UNDERSIGNED  
OF THE**

COUNTY OF (COUNTY NAME)
<u>Pima</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>Andrew L. Romo, President</u>
COMPANY NAME
<u>Southland Utilities Company, Inc</u>

**DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2005</u>

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

**I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

Andrew L. Romo

X SIGNATURE OF OWNER OR OFFICIAL

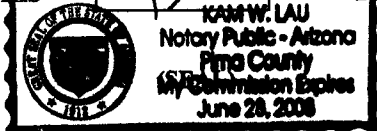
520 327 6000

TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS** 14 **DAY OF**



**MY COMMISSION EXPIRES**

June 28 2008

COUNTY NAME	<u>Pima</u>	
MONTH	<u>APR. 13</u>	<u>2006</u>

Kam W. Lau

SIGNATURE OF NOTARY PUBLIC

**COMPANY NAME** Southland Utilities Company, Inc.

**YEAR ENDING 12/31/2005**

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>0</u>
Estimated or Actual Federal Tax Liability	<u>0</u>
State Taxable Income Reported	<u>0</u>
Estimated or Actual State Tax Liability	<u>50</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>                    </u>
Amount of Gross-Up Tax Collected	<u>                    </u>
Total Grossed-Up Contributions/Advances	<u>                    </u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Andrew L. Romo

**SIGNATURE**

04.13.06

**DATE**

Andrew L. Romo

**PRINTED NAME**

President

**TITLE**

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**RECEIVED**

APR 14 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**VERIFICATION**

STATE OF Arizona

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME)
Pima
NAME (OWNER OR OFFICIAL) TITLE
Andrew L. Romo, President
COMPANY NAME
Southland Utilities Company, Inc.

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 137,330

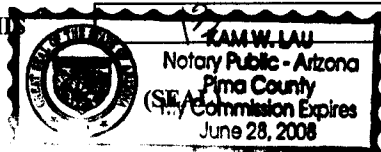
(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 8,043  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**



**DAY OF**

COUNTY NAME	Pima	
MONTH	APR.	2006

*Kim W. Lau*  
SIGNATURE OF NOTARY PUBLIC

**MY COMMISSION EXPIRES**

*June 28 2008*

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

**RECEIVED**

APR 14 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) Pima	
NAME (OWNER OR OFFICIAL) Andrew L. Romo	TITLE President
COMPANY NAME Southland Utilities Company, Inc.	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

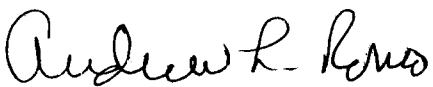
**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 118,178

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 6,921  
IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
520 327-6000  
\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

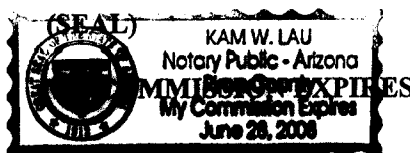
**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

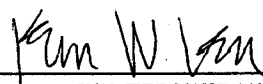
**THIS**

12
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**DAY OF**

NOTARY PUBLIC NAME Kam W Lau	
COUNTY NAME Pima	
MONTH April	2006



X   
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC  
June 28, 2006

# REIDY & SHEEHAN P.C.

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ACCOUNTING

TAXATION

BUSINESS  
VALUATION  
& CONSULTING

LITIGATION  
SERVICES

Compliance Section  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

April 10, 2006

RECEIVED

APR 14 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

Re: Southland Utilities Company, Inc.  
Water Utility Annual Report

Dear Sir or Madam:

Please find enclosed the Water Utility Annual Report and the accountants' compilation report for the above captioned corporation for the calendar year 2005.

Regards,

Reidy & Sheehan, P.C.

  
Dennis J. Reidy, CPA

# REIDY & SHEEHAN P.C.

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ACCOUNTING

TAXATION

BUSINESS

VALUATION

& CONSULTING

LITIGATION

SERVICES

Southland Utilities Company, Inc.  
2730 East Broadway, #135  
Tucson, Arizona 85716

We have compiled the Utilities Division Annual Report for the year ended December 31, 2005 for Southland Utilities Company, Inc. included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission, Utilities Division, Compliance Section, information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

The financial and statistical information, including other disclosures, are presented in accordance with the requirements of the Arizona Corporation Commission, Utilities Division, Compliance Section, which differ from generally accepted accounting principles. Accordingly, the financial statements are not designed for those who are not informed about such differences.

April 13, 2006

